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MARKETING PRACTICES OF COOPERATIVES PROCESSING CANNED AND FROZEN FRUITS AND VEGETABLES

By

ANNE L. GESSNER

Preliminary Report of a study made under the Research
and Marketing Act Project "Merchandising
Products Processed by Horticultural Cooperatives"

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FOREWORD

This report is part of a larger project being carried on under the Research and Marketing Act of 1946. The project is entitled "Merchandising Products Processed by Horticultural Cooperatives." Major objectives of the overall project, briefly summarized, are: (1) to examine the merchandising methods of cooperatives processing canned and frozen fruits and vegetables; (2) to analyze their distribution costs to determine wherein savings may be effected; (3) to obtain and analyze trade preferences for kinds, types, varieties, grades, and brands of products processed by cooperatives to serve as a basis of judgment for a better adjustment of production to trade and consumer demand; and (4) to recommend desirable and feasible changes for increasing marketing efficiency.

Three reports, all dealing with the merchandising of citrus juices by wholesalers, were published by the Farm Credit Administration in 1948 as one phase of the project. They were, "Buyers' Suggestions for Expanding Markets and Improving Distribution of Citrus Juices," Misc. Report 114; "Wholesale Buyers' Attitudes Toward Citrus Juices," Misc. Report 115; and "Sources and Distribution of Citrus Juices Purchased by Wholesale Buyers, 1946-47," Misc. Report 121.

Following completion of this part of the study, it was considered advisable, before undertaking further work with a number of the larger and more experienced processing cooperatives, to secure, by means of a brief mail questionnaire, a general picture of the distribution channels used and the sales policies employed by these cooperatives in marketing canned and frozen fruits and vegetables during the 1947-48 season. The need for such a survey arose primarily from the fact that while considerable material has been developed on the processing of these products by cooperatives, an extremely limited amount of information is available on the marketing practices employed in their distribution.

SUMMARY

This report is an analysis of the replies received from 70 cooperative processing associations to a brief questionnaire dealing with the marketing of their canned and frozen fruits and vegetables.

Brokers represented the most important channel of distribution for the canned fruits and vegetables marketed by cooperatives, according to associations reporting their use. All but one of the 59 associations supplying information on distribution channels used brokers in distributing at least some portion of their canned products in the 1947-48 season. Twenty of these associations sold all their canned fruits and vegetables through brokers and 21 others sold 80 percent or more through this channel. On a volume basis, approximately three-fourths of the canned products marketed by these associations in 1947-48 were distributed through brokers.

More than half of the cooperatives reporting sold canned fruits and vegetables to one or more classes of direct buyers. Chains and super markets represented the most important direct outlet and institutions the least important, both in number of associations mentioning their use and in estimated percentages of the total volume sold direct to them. Direct sales to chains and super markets accounted for almost 13 percent of the total volume marketed in the 1947-48 season.

In marketing frozen fruits and vegetables, brokers were again the most important distribution channel, according to number of associations reporting their use. All but four of the 26 associations supplying information sold at least a part of their volume through brokers in 1947-48. Five associations made all their frozen fruit and vegetable sales through brokers, while thirteen others sold 70 percent or more through them. On a volume basis, it is estimated that slightly more than 70 percent of the total was marketed through brokers.

Twenty of these 26 associations indicated that they sold frozen products to one or more types of direct buyers. Industrial users represented the most important direct outlet in number of associations mentioning them. On the basis of volume, however, processor-primary distributors were the most important direct buyers, accounting for approximately 12 percent of the total. Direct sales to chains and super markets were next accounting for slightly less than 7 percent, followed by sales to wholesale distributors amounting to 5 percent of the total volume marketed.

Fifty-two associations marketing canned and 23 associations marketing frozen fruits and vegetables supplied information on their methods of determining opening prices. For both groups, the method most frequently mentioned was based on cost of the produce packed plus sufficient return or margin for the grower.

Thirty-nine of the 58 associations supplying information on method of quoting prices reported quoting all prices on their canned products

f.o.b. shipping point and 13 other associations sold 75 percent or more on this basis. Only two associations indicated that they quoted all prices delivered on their canned products in 1947-48.

Nineteen of 26 associations supplying information sold all their frozen products f.o.b. shipping point, and 6 others quoted at least 90 percent of their sales f.o.b. shipping point. Only one association sold as much as 50 percent of its frozen fruits and vegetables on a delivered basis, while 6 other associations quoted delivered prices on only 10 percent or less of their frozen fruit and vegetable sales in 1947-48.

Two-thirds of the associations, which supplied information on marketing canned fruits and vegetables, solicited orders for future delivery. Of the cooperatives reporting that marketed frozen fruits and vegetables, 73 percent solicited orders for future delivery. Usually such orders were solicited on all commodities processed by these associations, although a few associations indicated that they limited soliciting orders to certain items.

Three-fifths of the associations marketing canned and two-thirds of those marketing frozen fruits and vegetables sold a part or all of their products on contracts prior to packing them. For some associations, these represented firm contracts with prices specified; for others, prices were unspecified. A number of associations, marketing both canned and frozen products, sold under both types of contracts.

All but 2 of 58 associations reporting on brand policy sold some part of their canned fruit and vegetable packs under their own labels. Three associations made all sales in 1947-48 under their own labels. Seven others sold 90 percent or more and an additional 7 associations sold 80 percent or more under their own labels.

Of the 19 associations supplying information on brand policy, all but one sold some part of their frozen fruits and vegetables under their own labels. Six made all their sales under their own labels, three sold over 90 percent, and 5 others sold 80 percent or more.

MARKETING PRACTICES OF COOPERATIVES PROCESSING CANNED AND FROZEN FRUITS AND VEGETABLES

By

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The replies from 70 fruit and vegetable processing cooperatives to a brief mail questionnaire dealing with the marketing of canned and frozen fruits and vegetables in the 1947-48 season are analyzed in this report.

In addition to requesting statistical data on the quantities and kinds of fruits and vegetables canned and frozen and on the sales value of these products, the questionnaire used in this survey, which is reproduced at the end of this report, asked for the following information: (1) Percentage of sales made through specific channels and direct to specified outlets; (2) principal markets; (3) number of brokers; (4) selling agency, if any, and relationship; (5) method of determining opening prices; (6) percent of sales made f.o.b. shipping point basis and on a delivered basis; (7) extent to which orders were solicited for future delivery; (8) percentage packed under packers' and buyers' labels; and (9) use of contracts prior to packing.

THE SAMPLE

The questionnaire was mailed to 86 fruit and vegetable processing associations. In addition, five citrus processing associations were visited and replies obtained personally, coincident with field work on another project.

Of the 86 associations to which the questionnaire was mailed, 69 replied, representing a return of 80 percent. The returns from all but four of the associations replying were usable. One of these four associations was not canning or freezing, but was engaged in other fruit processing operations; two associations did no processing during the 1947-48 season due to unfavorable crop conditions; and the fourth was in the process of reorganization and did not operate in 1947-48.

Twelve of the 17 associations, which failed to reply, process a very small volume and their operations are limited, in most cases, to processing only one commodity. There is some doubt whether three of these plants were operating at all in the 1947-48 season. It appears, therefore, that all but five of the cooperative fruit and vegetable processing

NOTE: Acknowledgement is made of the assistance of the following members of the Cooperative Research and Service Division: Harry C. Mensley, economist, for collaborating in the planning of the study and preparation of the questionnaire; J. K. Samuels, economist, for obtaining some of the data and supplying helpful suggestions; Etta C. Emmons for statistical work; and Flossie Holt for typing the copy.

associations, having extensive merchandising experience and marketing sizable volumes, furnished information for this report. A tabulation of all usable questionnaires, according to type of processing, indicates that 43 of the associations replying were canning in the 1947-48 season; 10 were freezing; and 17 were both canning and freezing.

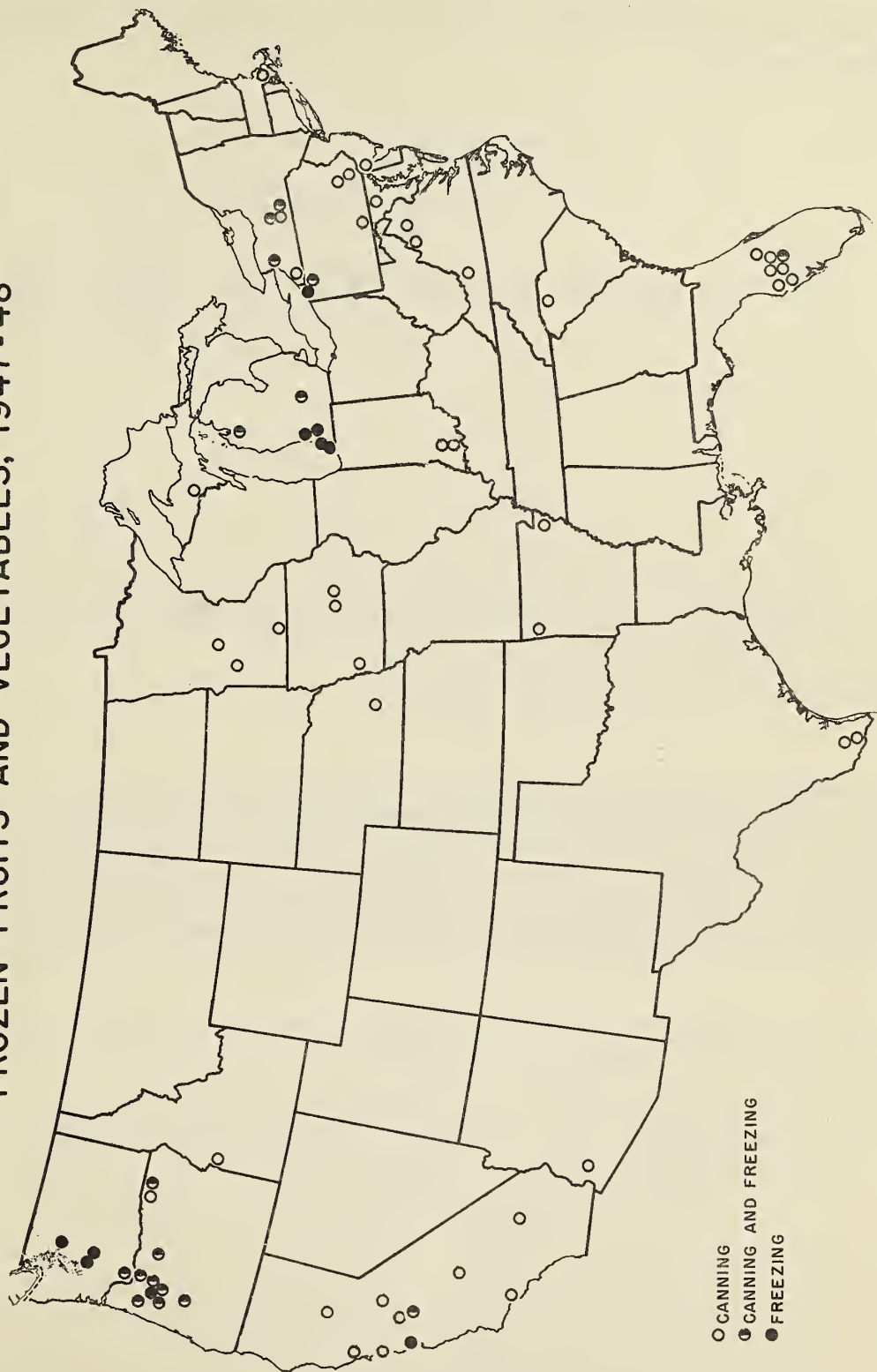
The number and location of associations supplying information for the study are shown by State and type of processing operation in table 1 and figure 1. One sales organization in Michigan and one in Florida each supplied information for three individual processing cooperatives. The two questionnaires received from these organizations, therefore, actually reflect the sales practices of six cooperative processing associations.

A further analysis of these associations, according to a general classification of the products canned or frozen, is shown in table 2. Of the 43 associations engaged in canning in the 1947-48 season, 17 were canning only vegetables; 11 only juices; 6 other associations only fruits; and the remaining 9 associations canned either all three or some combination of these three classes of commodities. Of the 10 associations engaged solely in freezing all but one were freezing only fruits.

Table 1. - The location and type of processing operations carried on in 1947-48 by cooperatives reporting

STATE	PROCESSING OPERATION			TOTAL
	CANNING	FREEZING	CANNING AND FREEZING	
Arizona-----	1	-	-	1
Arkansas-----	2	-	-	2
California-----	8	1	1	10
Delaware-----	1	-	-	1
Florida-----	6	-	1	7
Idaho-----	1	-	-	1
Indiana-----	2	-	-	2
Iowa-----	3	-	-	3
Maryland-----	1	-	-	1
Massachusetts-----	1	-	-	1
Michigan-----	1	4	2	7
Minnesota-----	3	-	-	3
Nebraska-----	1	-	-	1
New York-----	2	-	3	5
Oregon-----	1	1	8	10
Pennsylvania-----	3	1	1	5
South Carolina-----	1	-	-	1
Texas-----	2	-	-	2
Virginia-----	3	-	-	3
Washington-----	-	3	1	4
Total	43	10	17	70

FIGURE 1
LOCATION OF COOPERATIVES MARKETING CANNED AND
FROZEN FRUITS AND VEGETABLES, 1947-48



One froze both fruits and vegetables. On the other hand, almost two-thirds of the associations engaged in both canning and freezing operations were processing products in two or more of the general classifications (table 2).

Table 2. - Types of products processed by cooperatives, 1947-48

PROCESSING OPERATION	NUMBER OF ASSOCIATIONS PROCESSING							TOTAL
	VEGE-TABLES	FRUITS ¹	JUICES ²	VEGE-TABLES AND FRUITS	VEGE-TABLES AND JUICES	VEGE-TABLES, FRUITS, AND JUICES	FRUITS, JUICES, AND/OR OTHER ³	
Canning-----	17	6	11	3	1	-	5	43
Freezing-----	-	9	-	1	-	-	-	10
Canning and freezing-----	-	6	-	6	-	3	2	17
Total-----	17	21	11	10	1	3	7	70

¹Berries, deciduous fruits, and citrus fruits.

²Fruit and vegetable juices.

³Other includes jams, marmalades, jellies, etc.

The number of individual canned and frozen fruit and vegetable products processed by these cooperatives in the 1947-48 season and the number of associations processing them is shown in table 3. Two associations were canning and one association was freezing 15 or more individual types of fruits and vegetables. More than two-thirds of the associations engaged in canning and over three-fifths of the associations freezing fruits and vegetables were processing less than five fruit and vegetable products.

Table 3. - Number of canned and frozen fruit and vegetable commodities processed by cooperatives, 1947-48

NUMBER OF INDIVIDUAL COMMODITIES PROCESSED	ASSOCIATIONS PROCESSING A SPECIFIED NUMBER OF FRUIT AND VEGETABLE COMMODITIES			
	CANNED		FROZEN	
	Number	Percent	Number	Percent
15 or more-----	2	3.3	1	3.7
10 - 14-----	4	6.7	3	11.1
5 - 9-----	13	21.7	6	22.2
Less than 5-----	41	68.3	17	63.0
Total-----	60	100.0	27	100.0

VOLUME MARKETED

The processing cooperatives included in this study reported marketing in 1947-48, on an actual case basis, a combined total of 27,569,408 cases of canned vegetables, fruits and berries, juices, and fruit products.² Of this total, fruit and vegetable juices accounted for the largest share, representing over 52 percent (table 4).

Table 4. - Canned fruits and vegetables marketed by cooperatives reporting, 1947-48

COMMODITY	CANNED FRUITS AND VEGETABLES MARKETED	
	Cases	Percent
Vegetables-----	6,181,285	22.4
Fruits and berries-----	6,766,203	24.6
Juices ¹ -----	14,471,920	52.5
Other ² -----	150,000	0.5
Total-----	27,569,408	100.0

¹Fruit and vegetable juices. Does not include concentrates.

²Jams, jellies, marmalades, etc.

The total frozen fruits and vegetables marketed in 1947-48 by the cooperatives reporting amounted to 50,745,470 pounds. Of this amount, frozen berries contributed more than half, or 54.2 percent (table 5). Frozen fruits, other than berries, amounted to about 32 percent. Included in frozen fruit sales are the sales of frozen concentrated citrus juices converted to a pound basis.³ Frozen vegetables accounted for slightly over 14 percent.

²Fruit products include jams, jellies, marmalades, etc.

³Conversion factor used - 10 pounds per gallon of frozen concentrate.

Table 5. - Frozen fruits and vegetables marketed by cooperatives reporting, 1947-48

COMMODITY	FROZEN FRUITS AND VEGETABLES MARKETED	
	Pounds	Percent
Vegetables-----	7,181,622	14.1
Berries-----	27,496,361	54.2
Other fruits-----	16,067,487	31.7
Total-----	50,745,470	100.0

VALUE OF SALES

The sales value of canned and frozen fruits and vegetables marketed by the associations reporting amounted to more than \$91 million. Canned fruits and vegetables totaled more than \$80 million, and frozen fruits and vegetables accounted for more than \$10 million. However, this does not represent the total sales of these cooperatives in 1947-48, but only sales of canned and frozen fruits and vegetables as classified in tables 4 and 5.

DISTRIBUTION CHANNELS EMPLOYED

In order to secure general information on the channels through which cooperative processors distributed their canned and frozen fruits and vegetables in 1947-48, they were requested to indicate the percentages sold through specified channels and the percentages sold direct to other outlets.

CANNED FRUITS AND VEGETABLES

Number of Associations Using Channels

Brokers represented by far the most important channel of distribution for canned fruits and vegetables marketed by these associations in the 1947-48 season (table 6). One association failed to supply information on the distribution channels used in the 1947-48 season. All the other 59 associations marketing canned fruits and vegetables, with one exception, used brokers in the distribution of at least some portion of their

Table 6. - Cooperatives marketing specified percentages of canned fruits and vegetables through each distribution channel, 1947-48

PERCENTAGES MARKETED	ASSOCIATIONS MARKETING SPECIFIED PERCENTAGES OF CANNED FRUITS AND VEGETABLES						
	THROUGH			DIRECT TO			
	BROKERS	BRANCH OFFICES	OTHER	CHAINS AND SUPER MARKETS	WHOLE- SALE GROCERS	INSTI- TUTIONS	OTHER
All-----	20	-	-	-	-	-	-
90.0 - 99.9----	12	-	-	1	1	-	-
80.0 - 89.9----	9	-	-	-	-	-	-
70.0 - 79.9----	8	-	-	1	-	-	-
60.0 - 69.9----	3	-	-	1	-	-	-
50.0 - 59.9----	1	-	-	1	-	-	-
40.0 - 49.9----	1	1	-	-	1	-	-
30.0 - 39.9----	1	-	-	4	-	-	-
20.0 - 29.9----	1	2	-	5	3	-	-
10.0 - 19.9----	-	1	1	5	3	-	5
Less than 10.0--	2	2	5	9	7	3	7
None-----	1	53	53	32	44	56	47
Total-----	59	59	59	59	59	59	59

canned products in the 1947-48 season. The one association which did not use brokers sold over 90 percent of its canned vegetables - the only type of product it packed - direct to wholesale grocers. Twenty associations sold all their canned fruits and vegetables through brokers and 21 other associations sold 80 percent or more through this channel. Only five of the associations using brokers sold less than half of their canned products through them. Six associations reported selling some of their canned products through branch offices. Of these six associations, only one sold more than 25 percent through this channel.

Sales made through other channels, reported by 6 associations, include those made through some special arrangement or through an unspecified agency. Only two of these associations sold more than 5 percent through such channels.

Thirty-five associations reported selling at least a portion of their canned products to one or more classes of direct buyers. The most important of the direct outlets according to number of associations indicating their use was chain stores and super markets. Twenty-seven associations sold direct to chain stores and super markets, and four of these associations sold one-half or more to this type of direct buyer. Fifteen associations sold direct to wholesale grocers, with such sales, in all but two cases, representing not more than 20 percent of each cooperative packer's total 1947-48 sales of canned fruits and vegetables.

Sales made direct to institutions were the least important of the direct outlets specified. They were made by only three associations and did not exceed three percent of any association's total canned fruit and vegetable sales in the year under study.

Sales made direct to other outlets, reported by 12 associations, included those made to other processors, to Government agencies, and to consumers.

Volume Distributed Through Each Channel

In addition to evaluating the various distribution channels on the basis of the number of associations reporting their use, the relative importance of these channels may be measured also by the estimated volume and dollar value of the products canned by cooperatives which were distributed through them. These estimates are based on the total number of cases and dollar value of the canned fruits and vegetables marketed by each association and are prorated according to the percentages each association distributed through the various channels. The selection which may have occurred of certain channels for different kinds of fruits or vegetables or for higher- or lower-cost items is not reflected in these estimates.

On the basis of the volume estimate thus computed, approximately 20.5 million cases of canned fruits and vegetables were distributed through brokers in the 1947-48 season, representing almost three-fourths of the total volume marketed by these associations (table 7 and figure 2).

FIGURE 2
ESTIMATED PERCENTAGES OF CANNED FRUITS AND VEGETABLES
MARKETED THROUGH SPECIFIED DISTRIBUTION CHANNELS
BY COOPERATIVES - 1947-48

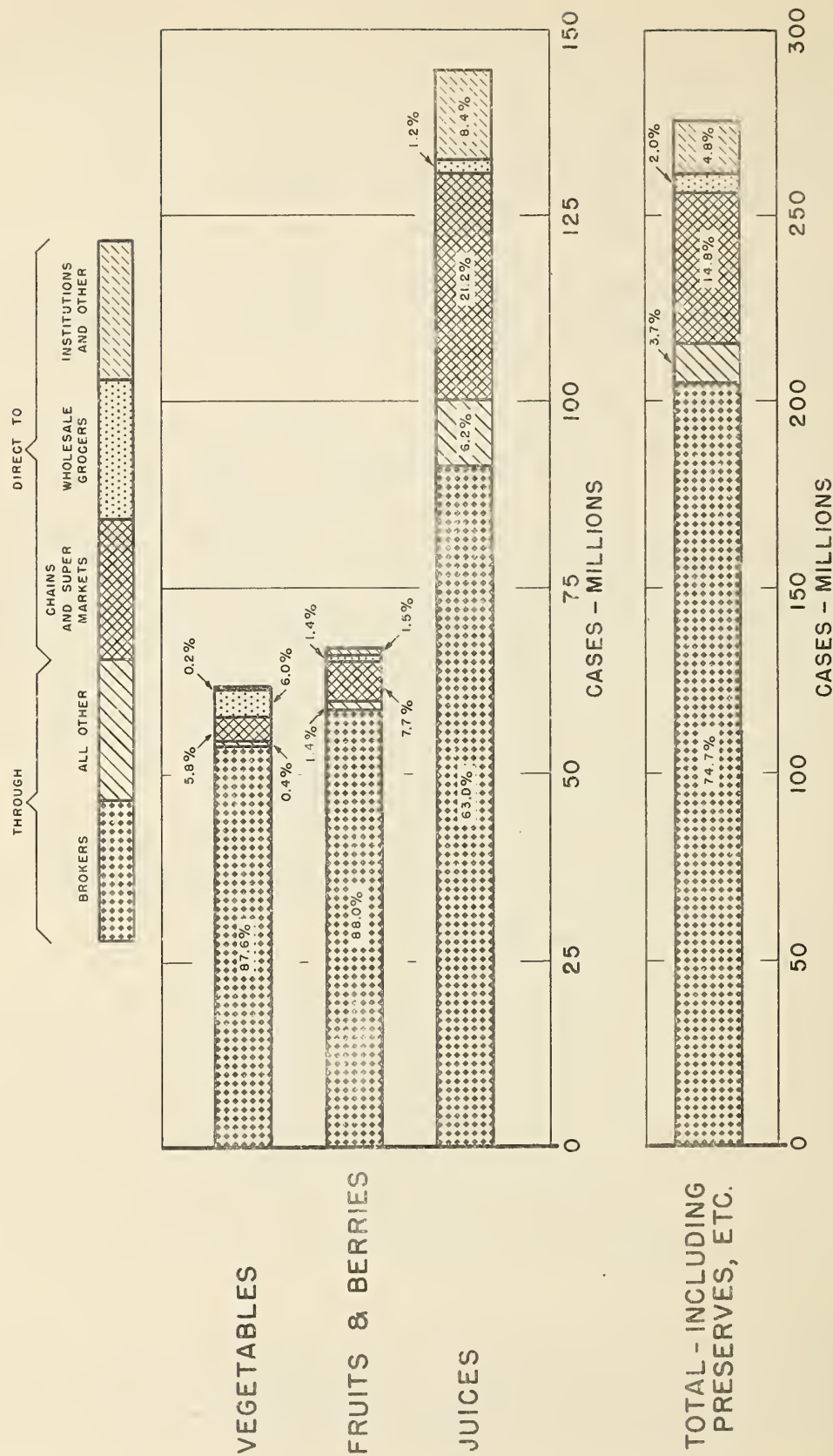


Table 7. - Estimated percentages of canned fruits and vegetables marketed through specified channels by cooperatives, based on number of cases sold, 1947-48

DISTRIBUTION CHANNEL EMPLOYED	PERCENTAGES OF CANNED FRUITS AND VEGETABLES MARKETING THROUGH SPECIFIED DISTRIBUTION CHANNELS				TOTAL NUMBER OF CASES OF CANNED FRUITS AND VEGE- TABLES SOLD
	VEGE- TABLES	FRUITS AND BERRIES	JUICES ¹	TOTAL ALL COM- MODITIES ²	
<u>Sold through:</u>					
Brokers-----	87.6	88.0	63.0	74.7	20,546,607
Branch offices----	0.2	1.4	5.6	3.3	911,608
Other ³ -----	0.2	(4)	0.6	0.4	100,577
<u>Sold direct to:</u>					
Chain stores and super markets---	5.8	7.7	21.2	14.8	4,068,544
Wholesale grocers-	6.0	1.4	1.2	2.0	538,381
Institutions-----	(4)	-	0.2	0.1	32,057
Other ⁵ -----	0.2	1.5	8.2	4.7	1,302,634
Total-----	100.0	100.0	100.0	100.0	27,500,408

¹Does not include concentrates.

²Includes jams, jellies, marmalades, etc.

³Sold through special arrangement or through unspecified agency.

⁴Less than .05 percent.

⁵Includes sales to other processors, Government agencies, and consumers.

Over 4 million cases, or almost 15 percent, were sold direct to chains and super markets. On an individual commodity basis, the estimated percentage handled through brokers was smaller and that sold direct to chains and super markets was larger for juices than for either of the other two classes of commodities. This is accounted for by the fact that three large processors of different kinds of juices reported selling from one-half to more than three-fourths of their volume direct to chain stores and super markets, while five other juice processors sold from 20 to 30 percent direct to this type of outlet.

On the basis of the values prorated for each channel, the estimated dollar value of sales handled by brokers amounted to 78.5 percent, or more than three-fourths, of the total value of all canned fruits and vegetables marketed by these associations in the 1947-48 season (table 8). Direct sales to chains accounted for about 13 percent. No other outlet accounted for more than 3 percent.

Table 8. - Estimated value of canned fruits and vegetables marketed through specified distribution channels by cooperatives, 1947-48

DISTRIBUTION CHANNEL EMPLOYED	ESTIMATED VALUE OF CANNED FRUITS AND VEGETABLES MARKETING THROUGH SPECIFIED DISTRIBUTION CHANNELS	
<u>Sold through:</u>		<i>Percent</i>
Brokers-----	\$63,007,331	78.5
Branch offices-----	2,640,400	3.3
Other ¹ -----	988,135	1.2
<u>Sold direct to:</u>		
Chain stores and super markets-----	10,209,802	12.7
Wholesale grocers-----	922,923	1.2
Institutions-----	59,804	0.1
Other ² -----	2,392,760	3.0
Total-----	\$80,221,155	100.0

¹Sold through special arrangement or through unspecified agency.

²Includes direct sales to other processors, Government agencies, and consumers.

Number of Brokers Used

There was a wide variation in the number of brokers used by cooperatives marketing canned fruits and vegetables in the 1947-48 season (table 9). Eight associations did not supply information on the number of brokers used. Three associations used more than 100 brokers in marketing their products. One of these was marketing only vegetables, another only fruits, and the third vegetables and fruits. Almost half of these associations employed less than 20 brokers to market their canned products in the 1947-48 season.

Table 9. - Number of brokers used by cooperatives marketing canned fruits and vegetables, 1947-48

NUMBER OF BROKERS USED	ASSOCIATIONS SPECIFYING NUMBER OF BROKERS USED IN MARKETING CANNED -							
	VEGE- TABLES	FRUITS	JUICES	VEGE- TABLES AND FRUITS	VEGE- TABLES, FRUITS, AND JUICES	FRUITS, JUICES, AND/OR OTHER	ALL COM- MODITIES	
							NUM- BER	PER- CENT
100 or more---	1	1	-	1	-	-	3	5.9
90 - 99-----	-	1	2	-	-	-	3	5.9
80 - 89-----	-	1	-	-	1	1	3	5.9
70 - 79-----	2	-	1	-	-	-	3	5.9
60 - 69-----	-	2	-	-	-	1	3	5.9
50 - 59-----	-	-	2	-	-	-	2	3.9
40 - 49-----	-	1	-	2	-	-	3	5.9
30 - 39-----	-	-	-	1	1	1	3	5.9
20 - 29-----	1	-	-	1	-	1	3	5.9
10 - 19-----	1	1	1	-	1	2	6	11.7
Less than 10--	11	4	3	1	-	-	19	37.2
Total----	16	11	9	6	3	6	51	100.0

FROZEN FRUITS AND VEGETABLES

Number of Associations Using Channels

In the marketing of frozen fruits and vegetables, brokers were again the most important distribution channel according to number of associations marketing their products through them in the 1947-48 season (table 10). One association did not supply information on the channels used in marketing its frozen products. All but four of the remaining 26 cooperatives processing frozen fruits and vegetables sold at least a part of their volume through brokers. Five associations made all their frozen fruit and vegetable sales through brokers. Thirteen other associations sold 70 percent or more of their frozen products through brokers.

Only two associations reported that they employed branch offices in selling frozen fruits and vegetables in the 1947-48 season.

Table 10. - Cooperatives marketing specified percentages of frozen fruits and vegetables through each distribution channel, 1947-48

PERCENTAGES MARKETED	NUMBER OF ASSOCIATIONS MARKETING SPECIFIED PERCENTAGES OF FROZEN FRUITS AND VEGETABLES								
	THROUGH		DIRECT TO						
	BROK- ERS	BRANCH OFFICES	WHOLE- SALE DIS- TRIB- UTORS	CHAINS AND SUPER MAR- KETS	IN- STITU- TIONS	INDUS- TRIAL USERS ¹	PROCESSOR- PRIMARY DISTRIB- UTORS ²	LOCKER PLANTS	OTHER ³
All-----	5	-	-	-	-	2	1	-	-
90.0 - 99.9---	4	1	-	-	-	-	-	-	-
80.0 - 89.9---	5	-	-	-	-	-	-	1	-
70.0 - 79.9---	4	-	-	-	-	-	-	-	-
60.0 - 69.9---	1	-	-	-	-	-	1	-	-
50.0 - 59.9---	1	-	-	-	-	1	-	-	-
40.0 - 49.9---	-	-	-	-	-	-	-	-	-
30.0 - 39.9---	-	1	1	-	1	-	-	-	-
20.0 - 29.9---	-	-	2	2	-	2	-	-	-
10.0 - 19.9---	1	-	-	-	-	1	1	-	2
Less than 10.0	1	-	1	1	-	2	-	2	2
None-----	4	24	22	23	25	18	23	23	22
Total----	26	26	26	26	26	26	26	26	26

¹Preserve and ice cream manufacturers, bakers, and other frozen-food packers engaged primarily in processing.

²Distributors operating at least one processing plant.

³Retail stores, consumers, and all other purchasers not separately classified.

Twenty associations sold direct to one or more types of buyers. Direct sales to wholesale distributors were made by four associations, none of whom employed this outlet for more than a third of their total volume. These are understood to be bona fide wholesale distributors whose operations were not limited to single-brand transactions. Three associations sold direct to chains and super markets and one association reported selling 30 percent of its volume to institutions.

Eight associations sold direct to such industrial users as preserve and ice cream manufacturers, bakers, and other frozen-food packers. The frozen-food packers included in this classification were understood not to be engaged in distribution but to restrict their operations to processing. They represented "primary" distributors only of the frozen commodities they purchased to complete their lines and resold to the actual distributors. For purposes of this analysis, therefore, they are considered primarily processors and retained in the category of industrial users. Two associations reported selling all their frozen fruits and vegetables to industrial users and a third sold half its frozen pack to this type of outlet.

Three associations sold to a group classified here as processor-primary distributors. This group includes national distributing agencies who also operate at least one processing plant and who are primary distributors inasmuch as they may sell to intermediate distributors or may sell direct to retail outlets.

Three associations sold a portion of their frozen packs to locker plants - one of these associations selling 80 percent of its pack to this type of outlet.

Volume Distributed Through Each Channel

The relative importance of the different distribution channels was evaluated by estimating the quantities and values of the fruits and vegetables frozen by cooperatives which were marketed through them. These estimates, computed in the same manner as those for the canned products, were based on the number of pounds and dollar value of the frozen fruits and vegetables marketed by each association and were prorated according to the percentages each association distributed through the various channels. Similarly, these estimates do not reflect possible selection of certain channels for different kinds of fruits and vegetables or for higher- or lower-priced items.

On the basis of this estimate, cooperatives reported marketing over 70 percent of their packs of all frozen fruits and vegetables through brokers in the 1947-48 season (table 11 and figure 3).

Direct sales to processor-primary distributors were second in importance in the quantity handled. Well over 5 million pounds went directly into this channel, representing over 10 percent of the total volume. Sales to chain stores and super markets were next with 6.5 percent, followed

by those to wholesale distributors amounting to 5 percent of the total. Industrial users purchased over 4 percent of the total volume marketed.

On an individual commodity group basis, brokers were used somewhat less in the distribution of frozen vegetables than for other frozen commodity groups. On the other hand, the percentage of frozen vegetables sold direct to chains and super markets was relatively larger than for the other two groups of frozen commodities. This is accounted for by the fact that two of the associations freezing large quantities of vegetables, whose combined vegetable pack represented 60 percent of the total for all associations, sold at least a fifth of their packs directly to chains and super markets. For all associations combined, sales of frozen vegetables to this outlet amounted to 12 percent.

A third large packer of frozen vegetables sold all its pack to processor-primary distributors, thus partially accounting for the relatively large amount, 33.1 percent, sold direct to this type of outlet.

Table 11. - Frozen fruits and vegetables marketed through specified channels by cooperatives, based on number of pounds sold, 1947-48

DISTRIBUTION CHANNELS	PERCENTAGES OF FROZEN FRUITS AND VEGETABLES MARKETING THROUGH SPECIFIED DISTRIBUTION CHANNELS				TOTAL NUMBER OF POUNDS OF FROZEN FRUITS AND VEGETABLES MARKETING
	VEGETABLES	BERRIES	OTHER FRUITS ¹	TOTAL ALL COMMODITIES	
<u>Sold through:</u>					
Brokers-----	53.6	81.6	61.6	71.3	36,028,502
Branch offices-----	0.4	1.5	(2)	0.8	427,431
<u>Sold direct to:</u>					
Processor-primary distributors ³ -----	33.1	3.8	12.0	10.6	5,361,260
Industrial users ⁴ -----	-	3.8	6.8	4.2	2,122,435
Wholesale distributors---	-	0.4	15.3	5.0	2,544,883
Chains and super markets-----	12.0	8.5	0.6	6.5	3,273,000
Locker plants-----	0.1	0.4	2.4	1.0	493,159
Institutions-----	0.7	(2)	0.8	0.4	188,527
Other ⁵ -----	0.1	(2)	0.5	0.2	91,233
Total-----	100.0	100.0	100.0	100.0	50,530,430

¹Includes frozen concentrates.

²Less than .05 percent.

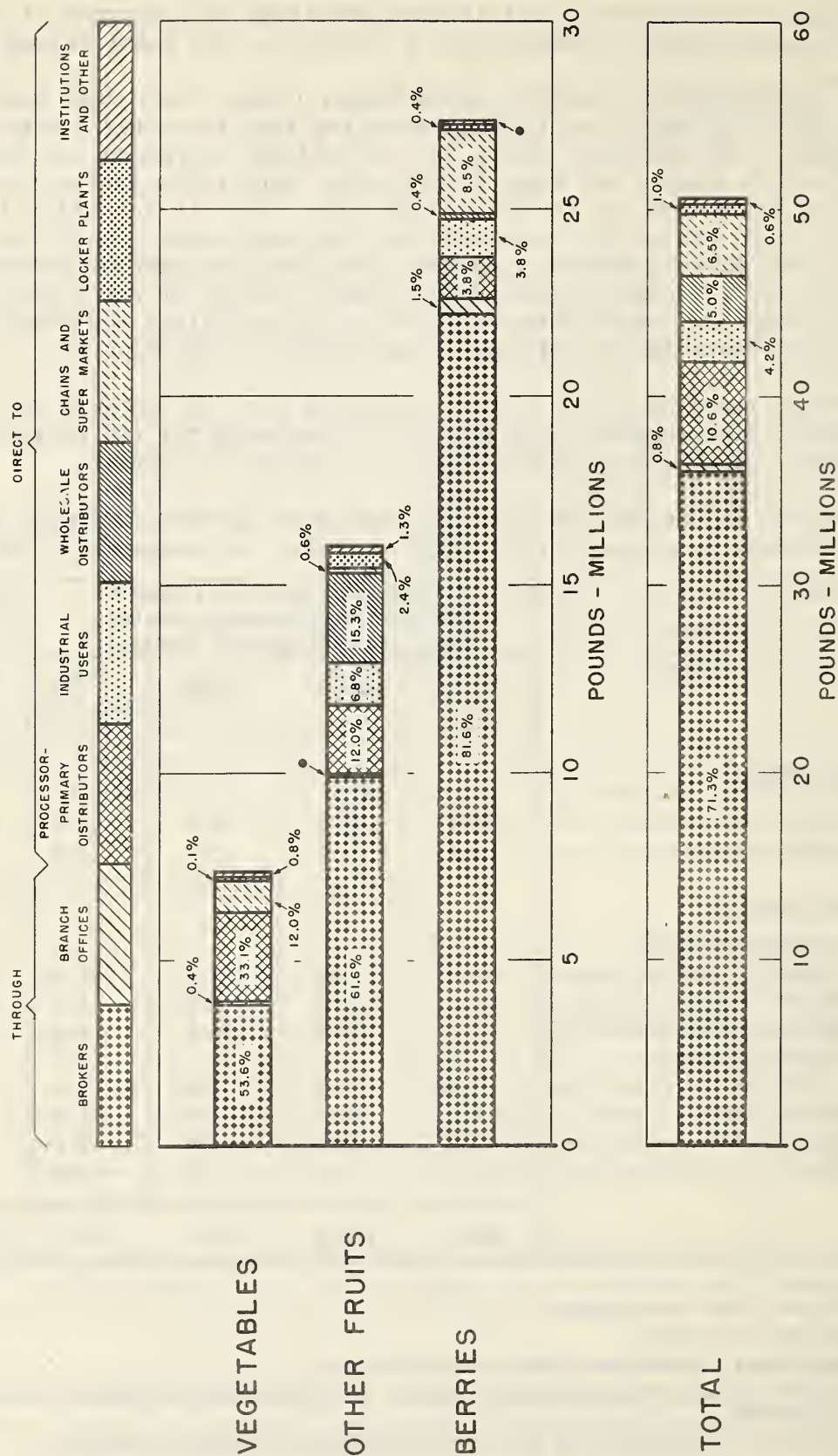
³Distributors operating one or more processing plants.

⁴Preserve and ice cream manufacturers, bakers, and other frozen-food packers engaged primarily in processing.

⁵Retail stores, consumers, and all other purchasers not separately classified.

FIGURE 3

ESTIMATED PERCENTAGES OF FROZEN FRUITS AND VEGETABLES MARKETED THROUGH SPECIFIED DISTRIBUTION CHANNELS BY COOPERATIVES - 1947-48



● LESS THAN .05 PERCENT.

028114-3

The high proportion of berries sold through brokers, 81.6 percent, was influenced by the fact that several associations, packing only berries, sold all or practically all of their packs through this channel. Several other associations, with packs of berries far exceeding their packs of the other commodity groups, sold from 75 to 95 percent through brokers.

The proportion of fruits, other than berries, sold to wholesale distributors, 15.3 percent, was relatively high. Three associations, freezing no vegetables or berries but freezing large quantities of other fruits, reported selling from a fifth to a third of their packs to wholesale distributors. The proportion of other fruits sold to industrial users, 6.8 percent, was influenced by the fact that one association which packed only fruits other than berries and no vegetables sold all its pack to this class of buyers, and another association which also packed only a small quantity of berries sold 100 percent of its pack to industrial users, while a third packer of other fruits only sold half its pack to preservers.

On the basis of estimated dollar value, brokers handled almost 70 percent of the frozen fruits and vegetables marketed by these associations (table 12). Next in importance, on this basis, were the processor-primary distributors whose purchases represented slightly over 11 percent

Table 12. - Estimated value of frozen fruits and vegetables marketed through specified channels by cooperatives, 1947-48

DISTRIBUTION CHANNEL EMPLOYED	ESTIMATED VALUE OF FROZEN FRUITS AND VEGETABLES MARKETING THROUGH SPECIFIED DISTRIBUTION CHANNELS	
Sold through:		<i>Percent</i>
Brokers-----	\$7,568,059	69.4
Branch offices-----	125,046	1.1
Sold direct to:		
Processor-primary distributors ¹ --	1,226,031	11.3
Industrial users ² -----	429,754	3.9
Wholesale distributors-----	544,227	5.0
Chains and super markets-----	660,763	6.1
Locker plants-----	272,317	2.5
Institutions-----	18,195	0.2
Other ³ -----	51,624	0.5
Total-----	\$10,896,016	100.0

¹Distributors operating one or more processing plants.

²Preserve and ice cream manufacturers, bakers, and other frozen-food packers engaged primarily in processing.

³Retail stores, consumers, and all other purchasers not separately classified.

of the total sales value. Direct sales to chains and super markets accounted for over 6 percent, and those to wholesale distributors amounted to 5 percent. The value of sales to industrial users was somewhat less, amounting to approximately 4 percent of the total sales value.

Number of Brokers Used

Four associations, as previously indicated, reported using no brokers in the marketing of their frozen fruits and vegetables in the 1947-48 season. Three others gave no information on the number used. Three-fourths of those associations reporting on the number used indicated that they employed less than 10 in the marketing of their frozen fruits and vegetables in the 1947-48 season (table 13). Two associations, marketing both frozen fruits and vegetables, employed more than 100 brokers in the sale of their products.

Table 13. - Number of brokers used by cooperatives marketing frozen fruits and vegetables, 1947-48

NUMBER OF BROKERS USED	NUMBER OF ASSOCIATIONS SPECIFYING NUMBER OF BROKERS USED IN MARKETING FROZEN -			
	BERRIES AND/OR OTHER FRUITS	VEGETABLES, BERRIES, OTHER FRUITS	ALL COMMODITIES	
			NUMBER	PERCENT
100 or more-----	-	2	2	10.0
90 - 99-----	-	-	-	-
80 - 89-----	-	-	-	-
70 - 79-----	1	-	1	5.0
60 - 69-----	-	-	-	-
50 - 59-----	-	-	-	-
40 - 49-----	-	-	-	-
30 - 39-----	1	-	1	5.0
20 - 29-----	1	-	1	5.0
10 - 19-----	-	-	-	-
Less than 10-----	13	2	15	75.0
Total-----	16	4	20	100.0

JOINT SALES AGENCIES EMPLOYED

A number of associations marketed their products either as members of or by contracts with a joint sales agency. Five Pacific Coast cooperatives marketed their canned and frozen fruits and vegetables through a joint sales agency of which they were members. Three eastern processing cooperatives sold their products by contracts through a joint sales agency. All of these eight associations returned separate replies. Three

midwestern associations marketed their 1947-48 packs through a joint sales agency of which they are members and this agency returned a joint reply, as did another sales agency in Florida representing three citrus-processing cooperatives.

PRINCIPAL MARKETS

Fifty-six of the cooperatives marketing canned fruits and vegetables supplied information on the principal markets in which their products were distributed in the 1947-48 season. Seventeen of these indicated their canned products were distributed in less than 10 cities. Five other associations marketed their products in 10 to 15 cities. Five associations sold to markets in not more than three States. Twenty-three associations indicated that their markets were regional in scope, covering one or more geographic areas, and six others stated that their products received national distribution.

In the marketing of frozen fruits and vegetables, only 20 associations furnished specific information on their principal markets. Of these, 12 indicated that their products were sold in not more than 4 cities, while 8 others stated that they distributed to markets in one or more geographic areas.

SALES POLICIES

In addition to asking for data on the distribution channels employed by cooperatives in the marketing of their canned and frozen fruits and vegetables, information was requested regarding general sales and pricing policies. This part of the survey included questions regarding the methods employed in determining opening prices in the 1947-48 season, methods of quoting prices in that period, and the percentages of total packs which were sold under their own labels and under buyers' labels. Other sales practices, such as those dealing with soliciting orders for future delivery and with marketing products on contracts prior to pack, were also covered.

CANNED FRUITS AND VEGETABLES

Methods of Determining Opening Prices

Fifty-two of the associations replying furnished information on the methods they used in determining their opening prices for the 1947-48 season. The method most frequently mentioned by these associations was based on cost of pack plus some other factor, such as providing sufficient margin or return to growers. Sixteen associations, or nearly a third, reported using this method (table 14). Consideration of general market conditions ranked next in importance as a factor in determining opening prices, with 10 associations reporting this method. Ten other associations indicated that competitive prices represented the dominant factor in determining their opening prices. Three associations indicated that they followed a leader. This method was considered of sufficient

Table 14. - Determination of opening prices by cooperatives marketing canned fruits and vegetables, 1947-48

METHOD OF DETERMINING PRICE	ASSOCIATIONS USING METHOD	
	<i>Number</i>	<i>Percent</i>
Cost of pack plus margin-----	16	30.8
General market conditions-----	10	19.2
Competitive prices-----	10	19.2
Based on last season's prices plus increased costs-----	5	9.6
Supply and demand conditions-----	3	5.8
Follow a leader-----	3	5.8
Other-----	5	9.6
Total-----	52	100.0

importance to be retained in a separate category although, of course, it does represent competitive pricing of a specific kind which generally is followed year after year by other processors in the same area of production.

Other methods included those based on a formula developed by the association, those based on special information from brokers, or determined after consulting the board of directors.

Methods of Quoting Prices

Fifty-eight associations supplied information on their methods of quoting prices (table 15). Thirty-nine reported quoting all prices f.o.b. shipping point. Thirteen other associations sold 75 percent or more of their canned products f.o.b. shipping point. Only two associations, on the other hand, indicated that prices on all the canned products they

Table 15. - Number of associations quoting f.o.b. shipping point and delivered prices on specified percentages of canned fruits and vegetables marketed in 1947-48

PERCENT OF SALES	NUMBER OF ASSOCIATIONS MAKING SALES	
	F.O.B. SHIPPING POINT	DELIVERED
All-----	39	2
75.0 - 99.9-----	13	2
50.0 - 74.9-----	2	1
25.0 - 49.9-----	2	1
Less than 25.0-----	-	13
None-----	2	39
Total-----	58	58

Table 16. - Estimated sales made f.o.b. shipping point and delivered by cooperatives marketing canned fruits and vegetables, 1947-48

METHOD OF QUOTING PRICE	ESTIMATED SALES OF CANNED FRUITS AND VEGETABLES			
	CASES		VALUE OF SALES	
	<i>Number</i>	<i>Percent</i>		<i>Percent</i>
F.o.b. shipping point-----	26,503,340	96.5	\$75,870,792	94.6
Delivered-----	956,068	3.5	4,300,363	5.4
Total-----	27,459,408	100.0	\$80,171,155	100.0

marketed in 1947-48 were quoted on a delivered basis. Both of these associations, located east of the Mississippi, were packing specialty products. In addition to the two associations quoting all prices delivered, two other associations quoted delivered prices on 75 percent of the canned fruits and vegetables they marketed in the 1947-48 season.

The estimated percentages marketed on an f.o.b. shipping point and delivered basis according to dollar value and volume marketed in 1947-48 by all associations supplying information on their methods of quoting prices are shown in table 16. On a volume or quantity basis, it is estimated that over 96 percent of the canned fruits and vegetables marketed in 1947-48 were sold with prices quoted f.o.b. shipping point.

Considerable interest in methods of quoting prices has resulted from the recent "basing point" controversy. The basing point has been defined as any point which is used as the shipping point in determining the addition to be made on account of freight in computing a delivered price. Thus, it may refer to a point so used when it differs from the actual shipping point. In the now famous Cement case (F.T.C. vs. Cement Institute, 333 U.S. 683) the basing point delivered price system was attacked by the Federal Trade Commission. The following comments of Karl D. Loos, cooperative attorney, regarding the application of the F.T.C. ruling to cooperatives are enlightening:⁴

"Farmer cooperatives in their selling and distributing operations are subject to Section 5 of the Federal Trade Commission Act and Section 2 of the Clayton Act as amended by the Robinson-Patman Act. So, to the extent that they use delivered prices and freight absorptions, they have an interest in the questions that have been raised in this basing point price controversy. However, I see nothing in the situation to cause very much excitement or any substantial change in present practices of the farmer cooperatives.

⁴Loos, Karl D. The Basing Point Controversy. Talk made before the third annual meeting of the National Agricultural Cooperative Transportation Committee, New Orleans, La., November 18, 1948.

"As purchasers, farmer cooperatives are interested in maintaining active price competition among sellers. They should, therefore, not be too concerned that the basing point delivered price systems of the Cement and Steel industries have been terminated.

"As sellers, marketing cooperatives are selling in highly competitive fields where price competition continues exceedingly active. There seems little occasion for marketing cooperatives to anticipate Federal Trade Commission investigations in these fields where active price competition exists. Sellers of agricultural products seldom have sufficient control of prices to make effective any price discriminations even if they might wish to do so.

"So, there would seem to be no occasion for marketing cooperatives to change present practices with respect to delivered pricing and freight absorption."

Soliciting Orders for Future Delivery

Fifty-four associations indicated in their replies the policy they followed in the 1947-48 season with respect to soliciting orders for future delivery of canned fruits and vegetables. Their replies are tabulated according to the general type of canned product they marketed in 1947-48 (table 17). Exactly two-thirds of all the associations replying to this question solicited orders for future delivery in the 1947-48 season.

In addition to asking whether or not orders were solicited for future delivery, the cooperatives also were asked to indicate on which commodities these orders were solicited. All but five associations which solicited orders did so on all the commodities they marketed. Five stated that they solicited orders on all but one or two of the items they were packing.

Table 17. - Number of cooperatives marketing canned fruits and vegetables, which solicited orders for future delivery, 1947-48

POLICY FOLLOWED IN SOLICITING ORDERS	NUMBER OF ASSOCIATIONS BY TYPE OF CANNED COMMODITY MARKETED							Percent
	VEGE- TABLES	FRUITS ¹	JUICES ²	VEGE- TABLES AND FRUITS	VEGE- TABLES, FRUITS, AND JUICES	FRUITS, JUICES, AND/OR OTHER ³	ALL COMMODITIES	
Solicited orders for future delivery-----	10	7	6	6	3	4	36	66.7
Did not solicit orders for future delivery-----	7	4	4	1	-	2	18	33.3
Total-----	17	11	10	7	3	6	54	100.0

¹Berries and deciduous and citrus fruits.

²Fruit and vegetable juices.

³Other includes jams, marmalades, jellies, etc.

Sales on Contracts Prior to Packing

Thirty-six cooperatives indicated that they sold part of their products on contracts prior to packing them. Ten of these associations sold a part of their packs on firm contracts with prices specified and part on contracts with prices unspecified. Seven others sold on firm contracts with prices specified. Nineteen more sold on prior contracts with prices unspecified. Thirteen associations indicated that they made no sales on contracts prior to pack and 11 others gave no information on this question. The percentages indicated as sold by these associations on firm contracts with prices specified and on contracts with prices unspecified are shown in table 18.

Two associations sold all their canned fruits and vegetables on firm contracts prior to packing with prices specified in the 1947-48 season; 4 associations sold all canned products on prior contracts with prices unspecified; and a total of 8 associations sold all canned products on prior contracts when both types of contracts were considered. Only one of the 36 associations sold less than 10 percent on prior contracts when both types of contracts were considered.

Based on the total quantity, or number of cases, of canned fruits and vegetables marketed by these associations in the 1947-48 season, it is estimated that almost 20 percent, or a fifth, of the total volume, was sold on firm contracts with prices specified and that another 18 percent was sold on prior contracts with prices unspecified. Just slightly under two-fifths of the total volume marketed in 1947-48 by these cooperatives, therefore, was estimated to have been sold on one or the other type of contract prior to pack.

Table 18. - Number of associations indicating percentages of canned fruits and vegetables sold on contract prior to pack, 1947-48

PERCENTAGES SOLD	NUMBER OF ASSOCIATIONS SELLING SPECIFIED PERCENTAGES PRIOR TO PACK ON -		
	FIRM CONTRACT WITH PRICES SPECIFIED	CONTRACT WITH PRICES UNSPECIFIED	TOTAL SELLING ON PRIOR CONTRACT
All-----	2	4	8
90.0 - 99.9-----	1	-	2
80.0 - 89.9-----	-	1	1
70.0 - 79.9-----	4	1	5
60.0 - 69.9-----	-	2	-
50.0 - 59.9-----	-	5	5
40.0 - 49.9-----	2	1	2
30.0 - 39.9-----	1	2	2
20.0 - 29.9-----	2	3	4
10.0 - 19.9-----	3	8	6
Less than 10.0-----	2	2	1
Total-----	17	¹ 29	36

¹Includes 10 associations also selling on firm contracts with prices specified.

Brand Policy

Information on brand policy was supplied by all but two associations marketing canned fruits and vegetables in 1947-48. The number of associations selling under packers' labels and under buyers' labels and the percentages of their total packs sold under each are shown in table 19.

Table 19. - Number of associations marketing specified percentages of their total packs of canned fruits and vegetables under packers' labels and buyers' labels, 1947-48

PERCENTAGES OF PACK SOLD	NUMBER OF ASSOCIATIONS SELLING UNDER -	
	PACKERS' LABELS	BUYERS' LABELS
All-----	3	2
90.0 - 99.9-----	7	3
80.0 - 89.9-----	7	4
70.0 - 79.9-----	2	8
60.0 - 69.9-----	3	10
50.0 - 59.9-----	8	9
40.0 - 49.9-----	8	1
30.0 - 39.9-----	5	2
20.0 - 29.9-----	8	3
10.0 - 19.9-----	4	9
Less than 10.0-----	1	4
None-----	2	3
Total-----	58	58

All associations, with only two exceptions, sold at least some part of their canned fruit and vegetable packs in the 1947-48 season under their own labels. The two associations which sold all their 1947-48 packs under buyers' labels were canning only one kind of commodity. One of these canned only peaches, the other only corn, and their combined sales represented less than 100,000 cases.

Three associations made all their sales in the 1947-48 season under their own labels. Seven others sold 90 percent or more under their own brands and an additional 7 marketed 80 percent or more under their own labels. This compares with 3 associations which sold 90 percent or more under buyers' labels and 4 which sold 80 percent or more under buyers' labels.

On the basis of the number of cases marketed in 1947-48, it is estimated that these cooperatives distributed more than 60 percent of their packs under their own labels (table 20, figure 4). This estimate is based on a proration of the cases sold according to the percentages reported for each type of label by each association.

FIGURE 4

ESTIMATED PERCENTAGES OF CANNED FRUITS & VEGETABLES MARKETED BY COOPERATIVES UNDER PACKERS' & BUYERS' LABELS, 1947-48

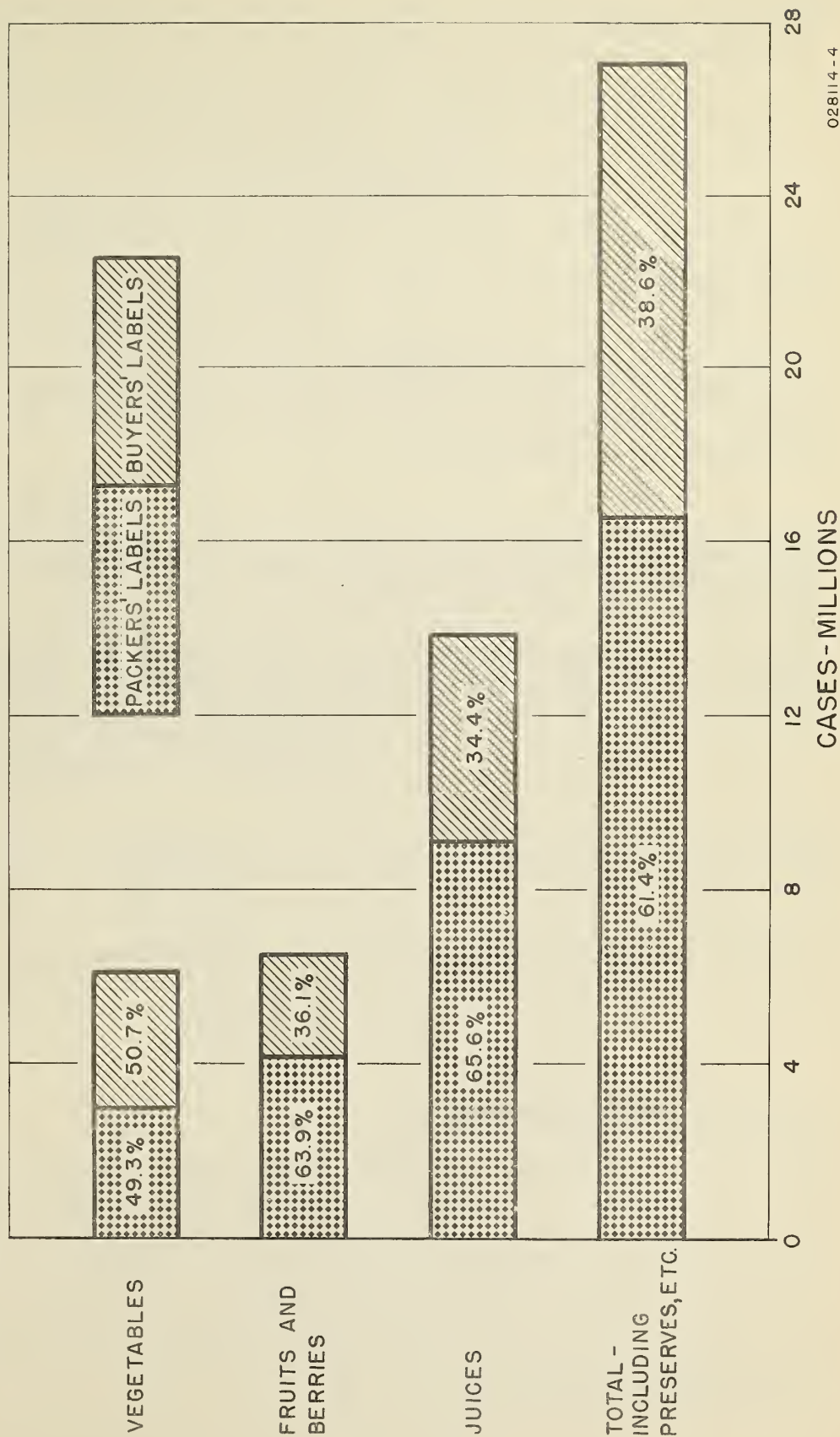


Table 20. - Estimated percentages of canned fruits and vegetables marketed by cooperatives under packers' labels and buyers' labels, based on number of cases sold, 1947-48

TYPE OF LABEL	ESTIMATED PERCENTAGES OF CANNED FRUITS AND VEGETABLES MARKETING UNDER PACKERS' LABELS AND BUYERS' LABELS				TOTAL NUMBER OF CASES OF CANNED FRUITS AND VEGETABLES SOLD
	VEGETABLES	FRUITS AND BERRIES	JUICES ¹	TOTAL - ALL COMMODITIES ²	
Packers' labels-----	49.3	63.9	65.6	61.4	16,685,944
Buyers' labels-----	50.7	36.1	34.4	38.6	10,501,846
Total-----	100.0	100.0	100.0	100.0	27,187,790

¹Does not include concentrates.

²Includes jams, jellies, marmalades, etc.

On the basis of dollar value for all sales of canned fruits and vegetables made in 1947-48, almost 59 percent, or close to three-fifths, was sold under packers' labels (table 21).

Table 21. - Estimated dollar value of canned fruits and vegetables marketed by cooperatives under packers' labels and buyers' labels, 1947-48

TYPE OF LABEL	ESTIMATED SALES VALUE OF CANNED FRUITS AND VEGETABLES MARKETING UNDER EACH LABEL	
		Percent
Packers' labels-----	\$46,812,397	58.7
Buyers' labels-----	32,875,896	41.3
Total-----	\$79,688,293	100.0

FROZEN FRUITS AND VEGETABLES

Methods of Determining Opening Prices

Twenty-three associations marketing frozen fruits and vegetables supplied information on the methods they employed in determining their opening prices for the 1947-48 season. The method most frequently mentioned, just as in marketing canned fruits and vegetables, was cost of the packed products plus sufficient margin or return for the grower (table 22). Only one association mentioned the demand factor. All other methods were of equal importance as measured by the number of associations using them.

Table 22. - Determination of opening prices by cooperatives marketing frozen fruits and vegetables, 1947-48

METHOD OF DETERMINATION	ASSOCIATIONS USING METHOD	
	Number	Percent
Cost of pack, plus margin-----	10	43.6
General market conditions-----	3	13.0
Follow a leader-----	3	13.0
Competitive prices-----	3	13.0
Supply and demand conditions-----	1	4.4
Other-----	3	13.0
Total-----	23	100.0

Methods of Quoting Prices

Twenty-six associations, or all but one of those marketing frozen fruits and vegetables, supplied information on their methods of quoting prices (table 23). Nineteen associations, or almost three-fourths, sold all their frozen fruits and vegetables f.o.b. shipping point. Six other associations quoted at least 90 percent of their sales f.o.b. shipping point. Only one association sold as much as 50 percent of its frozen fruits and vegetables on a delivered basis, while 6 associations quoted delivered prices on only 10 percent or less of their sales of frozen fruits and vegetables in the 1947-48 season.

The estimated percentages marketed on an f.o.b. shipping point and delivered basis according to dollar value and volume of frozen fruits and vegetables marketed in 1947-48 by the 26 associations reporting on

Table 23. - Number of associations quoting f.o.b. shipping point and delivered prices on specified percentages of frozen fruits and vegetables marketed in 1947-48

PERCENT OF SALES	ASSOCIATIONS MAKING SALES	
	F.O.B. SHIPPING POINT	DELIVERED
All-----	19	-
75.0 - 99.9-----	6	-
50.0 - 74.9-----	1	1
25.0 - 49.9-----	-	-
Less than 25.0-----	-	6
None-----	-	19
Total-----	26	26

Table 24. - Estimated sales made f.o.b. shipping point and delivered by cooperatives marketing frozen fruits and vegetables, 1947-48

METHOD OF QUOTING PRICE	SALES OF FROZEN FRUITS AND VEGETABLES			
	<i>Pounds</i>	<i>Percent</i>		<i>Percent</i>
F.o.b. shipping point-----	48,123,930	95.0	\$10,411,839	95.4
Delivered-----	2,542,954	5.0	504,396	4.6
Total-----	50,666,884	100.0	\$10,916,235	100.0

their method of quoting prices are shown in table 24. On the basis of dollar value and volume marketed, it is estimated that 95 percent of all the frozen fruit and vegetable sales of these associations were made f.o.b. shipping point.

Soliciting Orders for Future Delivery

Twenty-two associations indicated the policy they followed in the 1947-48 season with respect to soliciting orders for future delivery on their frozen packs. Approximately 73 percent of these associations, or almost three-fourths of them, solicited orders for future delivery (table 25). Five of the six associations which did not solicit orders for future delivery were marketing only frozen fruits other than berries.

As with canned fruits and vegetables, those associations soliciting orders for future delivery, in most cases, solicited orders on all the products they packed. However, one association which was marketing both frozen berries and other fruits indicated that it solicited orders for future delivery on berries only, while another association processing vegetables, berries, and other fruits indicated that it solicited orders on only one kind of vegetable.

Table 25. - Number of cooperatives marketing frozen fruits and vegetables, which solicited orders for future delivery, 1947-48

POLICY FOLLOWED IN SOLICITING ORDERS	NUMBER OF ASSOCIATIONS BY TYPE OF FROZEN COMMODITY MARKETING					
	BERRIES	OTHER FRUITS	BERRIES AND OTHER FRUITS	VEGETABLES, BERRIES, OTHER FRUITS	ALL COMMODITIES	
						<i>Percent</i>
Solicited orders for future delivery-----	2	2	6	6	16	72.7
Did not solicit orders for future delivery-	-	5	1	-	6	27.3
Total-----	2	7	7	6	22	100.0

Sales on Contracts Prior to Pack

Eighteen associations indicated that they sold at least some portion of their frozen fruits and vegetables on contracts prior to packing. Five of these associations sold a part of their frozen pack on firm contracts prior to pack with prices specified and an additional part of their packs on contracts prior to pack with prices unspecified. Six other associations sold a percentage on firm contracts with prices specified and seven more sold on contracts prior to pack with prices unspecified. Four associations gave no information on this question and five stated that they made no sales on contracts prior to pack.

Three associations reported that they sold all their frozen packs on firm contracts prior to pack with prices specified. Another association sold all its pack on prior contracts, with 50 percent sold on a firm basis with prices specified and the balance with prices unspecified. Two other associations sold 90 percent or more on contract, one selling on firm contract with prices specified and the other on contract with prices unspecified (table 26).

Table 26. - Number of associations indicating percentages of frozen fruits and vegetables sold on contracts prior to packing the products, 1947-48

PERCENT OF SALES	NUMBER OF ASSOCIATIONS SELLING SPECIFIED PERCENT- AGES PRIOR TO PACKING ON		TOTAL SELLING ON PRIOR CONTRACT
	FIRM CONTRACT WITH PRICES SPECIFIED	CONTRACT WITH PRICES UNSPECIFIED	
All-----	3	-	4
90.0 - 99.9-----	1	1	2
80.0 - 89.9-----	-	1	2
70.0 - 79.9-----	-	4	4
60.0 - 69.9-----	-	-	1
50.0 - 59.9-----	2	1	2
40.0 - 49.9-----	1	2	-
30.0 - 39.9-----	-	2	1
20.0 - 29.9-----	1	1	1
10.0 - 19.9-----	3	-	1
Less than 10.0-----	-	-	-
Total-----	11	¹ 12	18

¹Includes 5 associations also selling part of their pack on firm contracts with prices specified.

On a volume basis, it is estimated that almost three-fifths of the total sales of frozen fruits and vegetables made in 1947-48 by the associations supplying information on the use of contracts were made on contracts prior to packing the products, with those on firm contract with prices specified representing slightly over 21 percent, and those with prices unspecified a little over 38 percent.

Brand Policy

Nineteen associations supplied information on percentage sales of frozen fruits and vegetables marketed under their own labels and under buyers' labels.

The number of associations marketing frozen fruits and vegetables under their own labels and under buyers' labels is shown in table 27. Six associations indicated that they sold all frozen fruits and vegetables under their own brands. Three others sold over 90 percent under their own labels and 5 others sold 80 percent or more under this type of label. One association sold all frozen products under a large distributor's brand and two other associations reported that they sold 60 percent or more in the 1947-48 season under buyers' labels.

Table 27. - Number of associations marketing frozen fruits and vegetables under packers' labels and under buyers' labels and percentages of their total packs sold under each, 1947-48

PERCENTAGES OF PACK SOLD	NUMBER OF ASSOCIATIONS SELLING UNDER -	
	PACKERS' LABELS	BUYERS' LABELS
All-----	6	1
90.0 - 99.9-----	3	-
80.0 - 89.9-----	5	-
70.0 - 79.9-----	1	-
60.0 - 69.9-----	1	2
50.0 - 59.9-----	-	-
40.0 - 49.9-----	1	1
30.0 - 39.9-----	1	1
20.0 - 29.9-----	-	3
10.0 - 19.9-----	-	3
Less than 10.0-----	-	2
None-----	1	6
Total-----	19	19

Table 28. - Estimated percentages of frozen fruits and vegetables marketed by cooperatives under packers' labels and buyers' labels, based on volume sold, 1947-48

TYPE OF LABEL	ESTIMATED PERCENTAGES OF FROZEN COMMODITIES SOLD UNDER EACH LABEL				TOTAL SOLD
	VEGETABLES	BERRIES	OTHER FRUITS	ALL COM-MODITIES	
	<i>Percent</i>				<i>Pounds</i>
Packers' labels-----	53.7	82.1	78.4	76.8	37,892,173
Buyers' labels-----	46.3	17.9	21.6	23.2	11,424,583
Total-----	100.0	100.0	100.0	100.0	49,316,756

The estimated percentages of the individual commodity groups marketed under each type of label are shown in table 28, figure 5. These are based on the volumes of each association prorated according to the percentages reported for each type of label.

The percentage of vegetables marketed under buyers' labels is higher than for the other commodity groups, which is accounted for by the fact that one association, marketing almost a third of the total volume of frozen vegetables, sold all its pack under a distributor's brand in 1947-48. On the other hand, the percentage of frozen berries sold under buyers' labels is lower than for the other commodity groups. This is due primarily to the fact that five associations, marketing over 81 percent of the total volume of frozen berries, sold from 80 to 100 percent of their respective packs under their own labels.

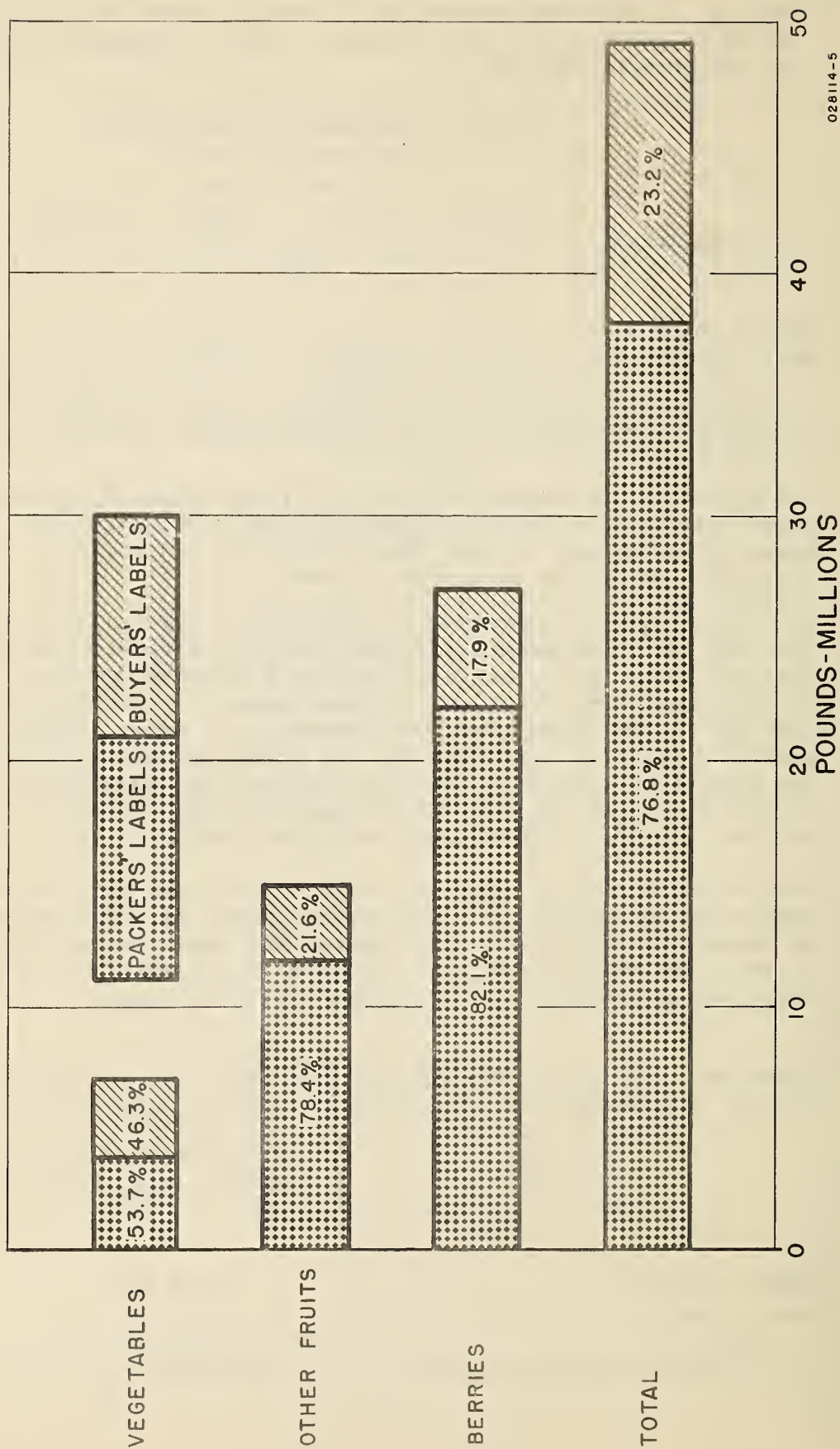
The estimated dollar value of frozen fruits and vegetables marketed under packers' labels and under buyers' labels by these 19 associations is shown in table 29. It is estimated that approximately three-fourths of the total value of the pack marketed in 1947-48 by the associations supplying information was sold under their own labels.

Table 29. - Estimated sales value of frozen fruits and vegetables marketed by cooperatives under packers' labels and buyers' labels, 1947-48

TYPE OF LABEL	ESTIMATED VALUE OF FROZEN FRUITS AND VEGETABLES MARKETING UNDER EACH LABEL	
		<i>Percent</i>
Packers' labels-----	\$7,744,630	75.5
Buyers' labels-----	2,518,170	24.5
Total-----	\$10,262,800	100.0

FIGURE 5

ESTIMATED PERCENTAGES OF FROZEN FRUITS & VEGETABLES MARKETED BY COOPERATIVES UNDER PACKERS' & BUYERS' LABELS, 1947-48



**CONFIDENTIAL REPORT FROM FRUIT AND VEGETABLE
CANNING AND FREEZING COOPERATIVES**

BUDGET BUREAU
NO. 40-4897
APPROVAL EXPIRES
DECEMBER 31, 1948

When Completed Return to
Farm Credit Administration, U.S.D.A.
Cooperative Research and Service Division
Washington 25, D. C.

I. CANNED - QUANTITY AND VALUE OF SALES IN 1947-48 SEASON:

1. Quantity canned in 1947-48

NUMBER OF CASES

Vegetables.
Fruits and berries.
Juices.
Jams, marmalades, jellies, etc.
Total.

2. Value of sales in 1947-48 season of canned products \$

3. Commodities canned in 1947-48

II. DISTRIBUTION CHANNELS FOR CANNED FRUITS AND VEGETABLES 1947-48 SEASON:

1. Percent of 1947-48 sales made (a) through brokers ____%; (b) through branch office(s) ____%; (c) through other (specify) ____%; (d) direct to chains and supermarkets ____%; (e) direct to wholesale grocers ____%; (f) direct to institutions ____%; (g) direct to other (specify) ____%. Total of items should equal 100%
2. Principal markets

. Number of brokers

Name selling agency, if any, which you use

State relationship (contractual, member, other)

3. Approximate number of active customers

III. SALES POLICIES - CANNED FRUITS AND VEGETABLES 1947-48 SEASON:

1. How were your 1947-48 opening prices determined?

2. Percent of sales made: F.O.B. shipping point ____%; delivered ____%.

3. Did you solicit orders for future delivery? _____. What commodities?

4. Percent of sales made on: (a) firm contracts prior to pack with prices specified ____%; (b) contracts prior to pack with prices unspecified ____%; (c) other ____%.

5. Percent of 1947-48 pack sold under: Packer's labels ____%; Buyer's labels ____%.

I. FROZEN - QUANTITY AND VALUE OF SALES IN 1947-48 SEASON:

1. Quantity frozen in 1947-48

NUMBER OF POUNDS

Vegetables.
Berries
Other fruits.
Total.

2. Value of sales in 1947-48 season of frozen products \$

3. Commodities frozen in 1947-48

II. DISTRIBUTION CHANNELS FOR FROZEN FRUITS AND VEGETABLES 1947-48 SEASON:

1. Percent of 1947-48 sales made (a) through brokers ____%; (b) through branch office(s) ____%; (c) through other (specify) ____%; (d) direct to wholesale distributors ____%; (e) direct to chains and supermarkets ____%; (f) direct to wholesale grocers ____%; (g) direct to institutions ____%; (h) direct to locker plants ____%; (i) direct to other (specify) ____%. Total of items should equal 100%.
2. Check types of wholesale distributors who in 1947-48 merchandised your frozen products in central markets: Frozen food ____; dairy ____; fresh produce ____; sea-food ____; other (specify) ____.
3. Principal markets

. Number of brokers

Name selling agency, if any, which you use

State relationship (contractual, member, other)

4. Approximate number of active customers

III. SALES POLICIES - FROZEN FRUITS AND VEGETABLES 1947-48 SEASON:

1. How were your 1947-48 opening prices determined?

2. Percent of sales made: F.O.B. shipping point ____%; delivered ____%.

3. Did you solicit orders for future delivery? _____. What commodities?

4. Percent of sales made on: (a) firm contracts prior to pack with prices specified ____%; (b) contracts prior to pack with prices unspecified ____%; (c) other ____%.

5. Percent of 1947-48 pack sold under: Packer's labels ____%; Buyer's labels ____%.

Association's Name _____ Address _____

Signed _____ Title _____

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